

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE NORTH MCLEAN COUNTY)	
WATER DISTRICT (1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	CASE NO.
CONSTRUCTION OF MAJOR ADDITIONS AND)	97-324
IMPROVEMENTS TO ITS WATER DISTRIBUTION SYSTEM;)	
(2) APPROVAL OF THE PROPOSED PLAN OF FINANCING)	
SAID PROJECTS)	

O R D E R

On August 20, 1997, North McLean County Water District ("North McLean") filed an application seeking a Certificate of Public Convenience and Necessity to construct a \$500,000 waterworks improvement project and approval of its plan of financing for the project. The proposed project involves the construction of approximately 25,900 linear feet of 10-inch PVC water transmission main and appurtenances at the cost of \$306,750, known as the Highway 136 - Highway 250 upgrade, for the purpose of bringing water from the City of Calhoun; the construction of approximately 3,450 linear feet of 6-inch PVC water transmission main and appurtenances at the cost of \$23,550, known as the Highway 80 - Nick Ashton Road upgrade and extension, to enhance and expand service in that area; and the construction of approximately 18,250 linear feet of 6-inch PVC water transmission main and appurtenances at the cost of \$84,587.25, known as the Barrett Hill Road - Briarfield Schoolhouse Road upgrade and extension, to enhance and expand service in that area. The project is to be funded by a \$500,000 loan from the

Independence Bank of Kentucky, Livermore, Kentucky, at an interest rate of 6.2 percent for a period of twenty years. Furthermore, as the estimated costs for these projects fall well short of \$500,000 due to receiving low bids, North McLean requests to have the option of extending service further in the latter two areas, to the extent its funds permit, up to approximately 20,000 additional linear feet of 6-inch PVC.

Plans and specifications for the proposed improvements prepared by The Stuart Associates and Turner Engineering Company of Hermitage, Tennessee and Nashville, Tennessee, respectively, have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.
2. The proposed construction consists of 25,900 linear feet of 10-inch and 21,700 linear feet of 6-inch pvc water transmission main and related appurtenances.
3. North McLean should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order, to include the approximately 20,000 additional linear feet of 6-inch PVC.
4. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.
5. North McLean should furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal,

administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

6. North McLean should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering.

7. The financing plan proposed by North McLean is for lawful objects within the corporate purpose of its utility operation, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. North McLean is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project consisting of 25,900 linear feet of 10-inch and 21,700 linear feet of 6-inch pvc water transmission main and related appurtenances as set forth in the drawings and specifications of record herein.


2. North McLean shall comply with the requirements contained in Findings 3 through 6 as if the same were individually so ordered.

3. The financing plan proposed by North McLean be and it hereby is approved.


Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 17th day of October, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director